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## **Mexico**

### **Poultry and Products Annual**

#### **Mexico Coping With AI; Broiler Meat and Table Eggs Sectors on Track to a Full Recovery, Turkey Managing to Keep Pace**

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**Report Highlights:**

Highly Pathogenic Avian Influenza (HPAI) in the United States is a concern for the sector. Appropriate measures to cope with AI outbreaks would allow a continued two percent growth during 2016. Consumption of broiler meat and table eggs has regained lost ground. The turkey sector has encountered obstacles to expand production, a growing demand for turkey products forces to source inputs from alternate origins. Brazil and Chile gaining share, the U. S. remains Mexico's main poultry supplier.

**Executive Summary:**

Broiler meat production for 2016 continues to grow at two percent annually. Appropriate measures implemented to cope with the 2012 and 2013 avian influenza (AI) outbreaks in Mexico were sufficient, allowing the poultry sector to rebound to record production levels. Highly Pathogenic Avian Influenza (HPAI) in the United States and the potential appearance of new AI virus strains in Mexico continues to be a concern for the sector. Increased production and affordable prices will keep broiler meat as consumers' preferred source of protein. The demand for chicken leg quarters (CLQs) and mechanically separated/deboned poultry meat will remain strong. Most of Mexico's chicken and turkey imports originate from the United States, while Chile and Brazil continue gaining market share in the poultry trade scenario.

The turkey meat production forecast for 2016 is flat, but the consumption of value-added products is on the upswing. Imports of mechanically separated/deboned turkey meat (MSM) either chilled or frozen, for prepared deli meats and related products, are expected to continue growing. Due to the HPAI outbreak in the United States, Mexican authorities have implemented restrictions on raw poultry, MSM shipments, and live birds for breeding purposes from quarantined U.S. states. Mexico will look to source the first two products from other countries, especially from Chile.

Mexico reports the domestic production of eggs is fully restored to normal levels. However, the threat from HPAI occurring in the United States has compelled the sector to implement permanent security and biosecurity measures and to look for alternatives to reduce the risk of contamination. The import forecast for table eggs is lowered because of the above mentioned factors. Mexican egg and egg product exports are only permitted if they are breaking eggs, pathogen-free, or have received a thermal process. Eggs for industrial purposes are on the rise and should continue on the same trajectory in 2016. Mexico is the 6<sup>th</sup> largest egg producing country and has the largest per capita consumption in the world.

**Economic Situation and Outlook:**

The Mexican economy has underwhelmed in 2015. Hard-fought reforms throughout the public and private sectors have yet to completely take effect and global financial uncertainty has slowed investment and weakened confidence in future economic growth. Wage growth is stagnant, leading consumers to limit unnecessary spending. Falling oil prices have caused the federal government to slash budgets in hopes of reigning in deficits and debt, further complicating the country's ability to spur development and create jobs in the near term. The Mexican peso hit a record low of 17.50 pesos to the dollar on August 25, 2015, dropping 15 percent since the beginning of the year.

The silver lining to all of the turmoil is that Mexican products are significantly cheaper compared to foreign goods. Prices for products in the "Canasta Básica", the price index for basic foodstuffs, have decreased four percent since the beginning of the year and appear to be headed down even further. Mexican agricultural producers are poised to take advantage of the exchange rate and export a record amount of agricultural products to the United States in 2015. The flip side is that U.S. exports to Mexico seem to get more expensive everyday, making it harder and harder to reach consumers in such a price sensitive market.

The National Institute of Statistics, Geography and Information Technology (INEGI) includes around 80 products in the "Canasta Basica" which is a group of goods and services that allows households to fulfill their member's basic needs. INEGI has determined that households spend 22.7 percent of their

income on the acquisition of food, beverages, and tobacco. This expense is just behind the share of housing which represents 26.4, followed by transport, and education and amusement, which represents 13.4 and 11.5 percent, respectively.

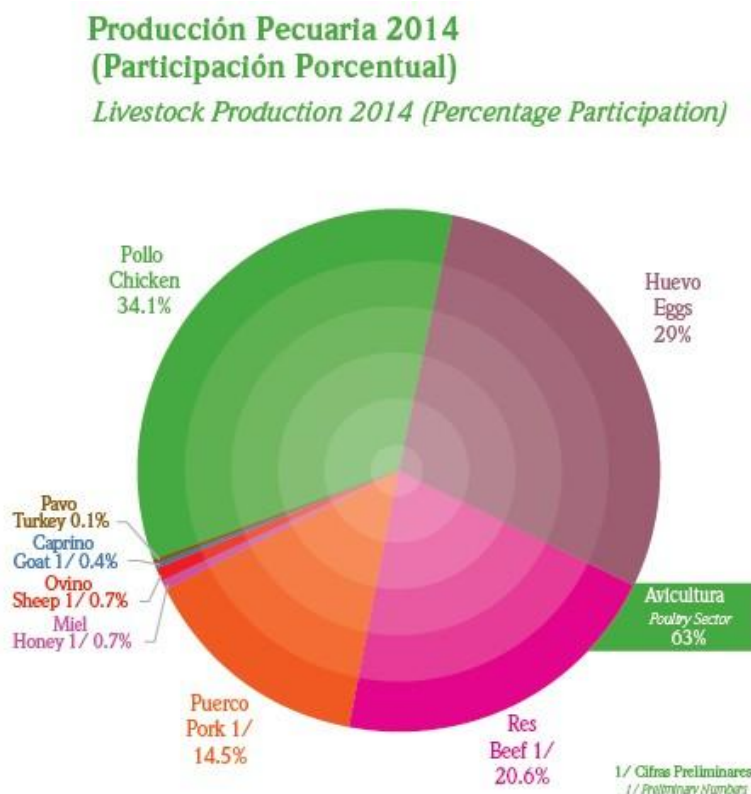
### Commodities:

Poultry, Meat, Broiler

### Production:

Post forecasts Mexican commercial broiler meat production for 2016 at 3.16 million metric tons (MMT); greater than Post's 2015 revised estimate as the sector continues to grow at two percent annually. The National Poultry Association (UNA) believes that measures implemented to cope with the 2012 and 2013 avian influenza (AI) outbreak in Mexico were sufficient, and have allowed the poultry sector to rebound to record production levels. Recent data from UNA indicates that, jointly, the broiler meat and egg production represented a 63.1percent share of the total domestic production.

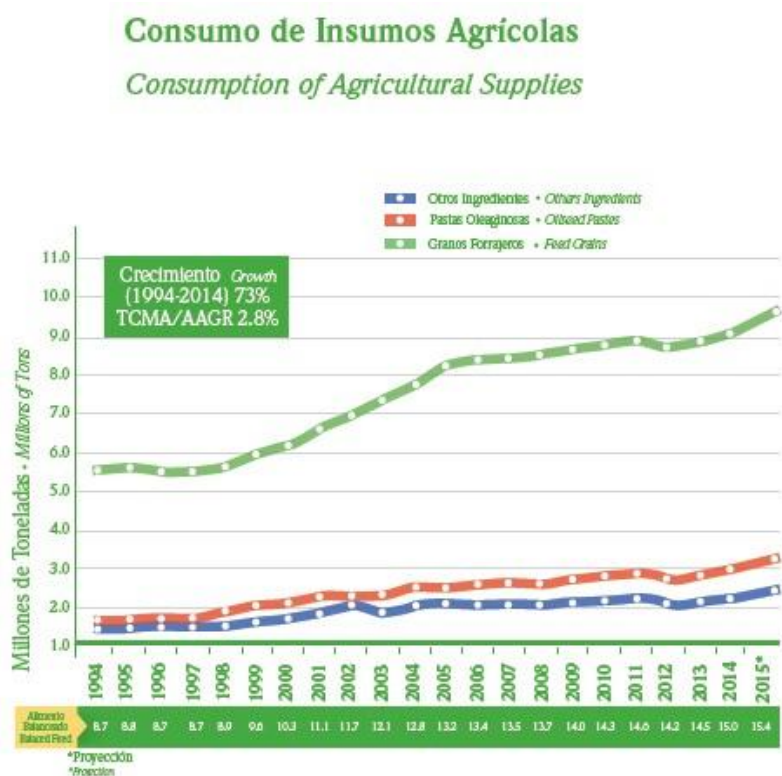
**Chart 1. Percentage Share in the Domestic Livestock Production**



However, the sector is still concerned about the threat from Highly Pathogenic Avian Influenza (HPAI) in the United States and the potential appearance of new AI virus strains in Mexico. More recently, a Low Pathogenic Avian Influenza (LPAI) H5N2 outbreak in the northern state of Sinaloa compelled the Mexican zoo-sanitary authorities to report it to the World Organization for Animal Health, despite it not being required. Thus, authorities have proceeded to quarantine egg layer farms and to cull around 430,000 birds.

Despite the current trend of low, stable international grains prices that have enticed producers to spur production, feed prices represent a large share in the cost of production. Private sources from the animal feed industry report that during 2014-2015, feed represented 72.5 percent of the total production cost for the poultry sector. Due to the vertical integration of the sector, some poultry producers source animal feed from their own farms while others source from the 430 installed feed operations. Of the 15.4 MMT produced annually, the consumption ratio of animal feed between the broiler meat and egg sector is 55-45 percent, respectively. The animal feed industry provides high-quality products to the sector, which are based on yellow corn, sorghum, and oilseed meals. According to National Association of Animal Feed Producers (ANFACA), 2016 animal feed production is forecast at 31,100 MMT. It is forecast that out of that volume, the sector will import 58.03 percent of the yellow corn, sorghum, oilseed meal, and distillers dried grains.

**Chart 2. Bulk Grains Consumption – Poultry Sector**



Increasing costs associated with biosecurity requirements are undoubtedly contributing to the industry's conservative growth forecast. The outbreak of HPAI in several states in the United States has the Mexican industry concerned about their ability to source replacement breed stock, such as fertile eggs and 1-3 day old chicks, which are foundations for increased production.

Aside from the endemic occurrences of minor AI outbreaks in some of Mexico's most important broiler producing areas, the industry's efforts are largely successful at avoiding serious AI incidents of the type seen in 2012 and 2013. Thus, Post's 2015 broiler meat production estimate is revised upward from the USDA official estimate to 3.10 MMT. Post's 2014 broiler production estimate was also revised up due to recently available revised official data.

**Chart 3. Main Producers States, Broiler Meat**

**Principales Estados Productores de Pollo 2014**

*Main Chicken Producing States in Mexico 2014*



**Consumption:**

The Post 2016 broiler meat consumption forecast is a record 3.920 MMT, as increased production and affordable prices keep broiler meat as consumers' preferred protein. Industry sources report that the Federal Type Inspection (TIF) establishments' share of domestic production is 53.45 percent. The 2016 forecast represents the sixth-consecutive year of record consumption. Broiler meat consumption growth slowed to almost zero during the 2012-2013 HPAI outbreaks, but has since regained the ground it lost. Multiple private sources concur that overall consumption is growing and per capita consumption levels are on the upswing. A recent survey revealed that high-income consumers prefer white meat (chicken breast), while the dark meat cuts are more popular among lower-income consumers. Although broiler meat prices will not be as low as in the past, given increasing beef prices they will continue to be the most affordable source of protein followed by pork, especially for low-medium income consumers.

There is no official per capita consumption estimate for 2016, but UNA reports the 2015 preliminary per capita consumption estimate of 26.3 kg and final figures for 2014 at 25.9 kg. UNA believes that the domestic inventory has been fully restored. As a result, Post's revised 2015 estimate is 3.851 MMT. Along the same lines, Post's 2014 consumption estimate is also revised up due to the availability of recently revised official data.

**Table 1. Mexico City Whole Chicken Monthly Prices, 2013-2015, Pesos/kilogram**

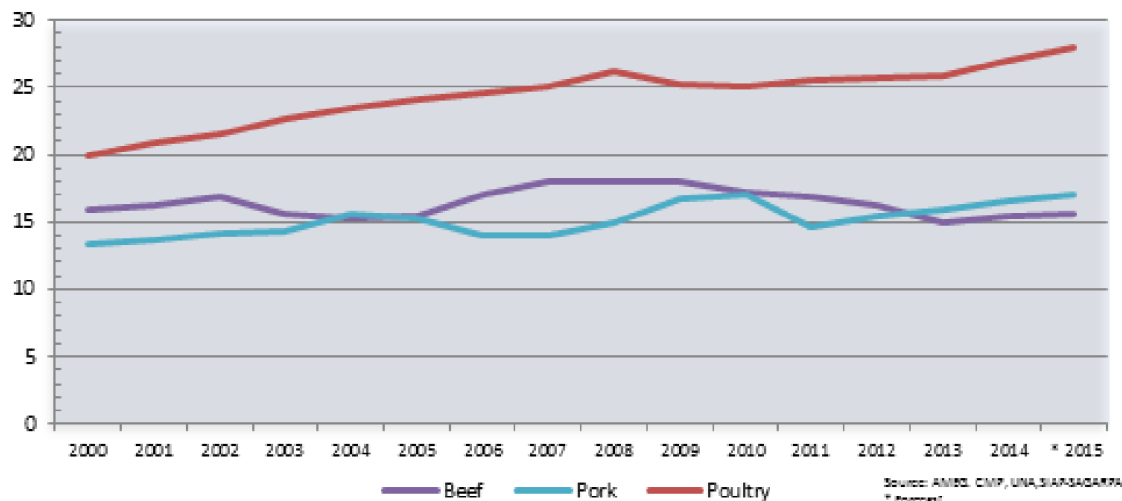
Month	2013	2014	2015	% Change 13/14
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January	29.43	31.95	34.20	7.04
February	30.52	31.76	29.09	-8.41
March	31.92	31.77	30.15	-5.10
April	33.10	32.31	35.57	10.09
May	35.48	41.02	33.61	-18.06
June	37.19	36.35	32.49	-10.62
July	29.52	25.14	32.76	30.31
August	22.52	32.26	31.60	-2.05
September	24.84	35.44	n/a	n/a
October	23.92	32.34	n/a	n/a
November	22.61	27.55	n/a	n/a
December	30.06	30.25	n/a	n/a
Annual Avg.	<b>29.25</b>	<b>32.34</b>	<b>32.43</b>	<b>0.28</b>
* New York dressed (whole chicken including offal)				
<b>Source: SNIIM, Secretariat of Economy</b>				

**Table 2. Mexico City Chicken Leg Quarter Wholesale Monthly Prices, 2013-2015, Pesos/kilogram**

Month	2013	2014	2015	% Change 13/14
January	28.14	31.78	36.31	14.25
February	30.53	31.12	29.21	-6.14
March	31.91	30.31	36.63	20.85
April	33.09	33.38	40.85	22.38
May	34.38	39.94	37.84	-5.26
June	37.33	37.03	35.68	-3.65
July	34.98	31.91	40.53	27.01
August	29.38	35.35	27.28	-22.83
September	30.26	40.52	n/a	n/a
October	28.88	41.40	n/a	n/a
November	30.94	35.61	n/a	n/a
December	31.57	34.03	n/a	n/a
Annual Avg.	<b>31.78</b>	<b>35.19</b>	<b>40.61</b>	<b>15.40</b>
<b>Source: SNIIM, Secretariat of Economy</b>				

**Chart 4. Mexico City Beef, Pork and Poultry Per Capita (KG) Comparison**



### **Trade:**

Post's 2016 broiler meat import estimate is 770,000 MT, as Mexican meat processors demand for chicken leg quarters (CLQs), especially mechanically separated/deboned poultry meat, remains strong. Also, fast food establishments continue expanding and introducing innovative products to drive consumer demand for poultry meat, specifically chicken wings. As poultry prices will remain competitive with regard to pork and beef, consumers will continue to demand poultry products in greater amounts. Even with the aforementioned recovery from AI a few years ago, Mexico is not self-sufficient in poultry, and therefore, will need to import to meet demand. The 2015 Post import estimate is maintained at 760,000 MT, based largely on increased domestic production. The 2014 import estimates were kept unchanged.

Although, approximately 98 percent of Mexico's chicken and turkey imports originate from the United States, Chile and Brazil continue gaining market share in the poultry trade scenario. In 2013 and 2014, Mexico announced the opening of a tariff rate quota (TRQ) for chicken, turkey, and mechanically deboned meat for all trading partners with whom Mexico does not have an existing free trade agreement, including Brazil. Post does not foresee Brazil becoming a major competitor for the United States in the near-term, due to the reduced number of authorized plants eligible to export to Mexico and the type of products intended for export. UNA reports that only a small amount (5-6 percent) of the TRQ has been used to date in 2015. Brazilian exports will target mainly the whole chicken and frozen chicken breast market, not the CLQs market supplied by the United States.

**Table 3. Mexico Imports Statistics, Broiler meat**

Mexico Import Statistics									
Commodity: _PSD BROILER MEAT, _PSD BROILER MEAT									
Annual Series: 2010 - 2014, Year To Date: 05/2014 & 05/2015									
Quantity									
Partner Country	Unit	Calendar Year					Year To Date		
		2010	2011	2012	2013	2014	05/2014	05/2015	%Change
World	T	548,548	578,439	616,209	682,436	721,952	290,745	313,454	7.81
United States	T	532,223	564,154	601,349	665,793	691,755	283,964	299,434	5.45
Chile	T	16,048	13,935	14,549	16,002	15,038	6,543	7,107	8.62
Brazil	T	0	0	0	293	12,644	134	6,776	4939.53
Argentina	T	0	0	0	0	2,223	0	0	n/a
Canada	T	277	350	311	349	292	103	136	31.97

Source of Data: INEGI [2006-present]

**Table 4. Mexico Exports Statistics, Broiler meat**

Mexico Export Statistics									
Commodity: _PSD BROILER MEAT, _PSD BROILER MEAT									
Annual Series: 2010 - 2014, Year To Date: 05/2014 & 05/2015									
Quantity									
Partner Country	Unit	Calendar Year					Year To Date		
		2010	2011	2012	2013	2014	05/2014	05/2015	%Change
World	T	13,922	16,436	7,237	7,206	10,384	3,994	2,816	-29.48
Hong Kong	T	4,035	8,725	1,469	2,257	5,382	1,962	1,218	-37.94
United States	T	2,941	2,852	2,739	3,242	2,519	998	988	-1.05
Ghana	T	0	123	356	843	1,267	646	216	-66.56
Benin	T	0	756	48	0	297	27	108	300
Guatemala	T	163	163	113	181	279	132	105	-21.02
El Salvador	T	230	231	137	248	227	120	58	-51.51
Equatorial Guinea	T	0	0	0	22	109	27	0	-100
Angola	T	274	722	1,295	27	93	0	74	n/a
Other	T	6,279	2,865	1,080	387	212	81	50	n/a

Source of Data: INEGI [2006-present]

Post's 2016 export estimate is 10,000 MT as Mexico continues struggling to reopen those markets that closed after the 2012 outbreak due to concerns associated with AI. Some of those markets, such as Japan, reopened almost immediately having been provided with the zoo-sanitary assurance for thermally processed products, but the restrictions to other markets continue. The Post 2015 export estimate is unchanged and so is 2014 because of the impact of AI.



**Table 5. Mexico: Quantities of birds and stages of production for 2014**

Type of Bird	Heads
Laying Hens in production*	152,146,126
Pullets in grow out	45,643,844
Light Breeding Hens in production	1,317,254
Light Breeding Hens in grow out	479,743
Heavy Breeder Hens in production	8,708,322
Heavy Breeder Hens in grow out	5,726,095
Light Progenitor Hens in production	9,000
Light Progenitor Hens in grow out	9,000
Heavy Progenitor Hens in production	171,933
Heavy Progenitor Hens in grow out	116,975
Broilers (Per cycle)**	277,369,753
Breeding Turkey Hens for Turkey Poults production	10,000
Turkeys (Per cycle)***	556,994
Total Poultry Flock	492,265,039
* It is estimated that there are 37 millions of laying hens of 2 <sup>nd</sup> cycle	
** 5.5 cycles per year *** 2 cycles per year	

**Policy:**

To date, Mexico has chosen not to impose any antidumping (AD) duties on imported U.S. CLQs. On August 6, 2012, Mexico, through the Secretariat of Economy (SE) announced the final resolution for the AD case on imports of U.S. CLQs and the compensatory duty levels for these imported products.

However, in light of the 2012 AI outbreak in Mexico and the resulting increase in poultry and egg prices, SE decided not to impose the compensatory duties until the supply and demand situation stabilized. The United States requested a NAFTA AD dispute resolution panel. In late 2014, a sufficient number of experts were added to this panel and in August 2015, the panel held a public hearing to review SE's methodology and findings. The panel's decision is expected by the end of 2015.

On May 15, 2013, SE announced in the Mexican Federal Register (*Diario Oficial*) a duty-free import quota of 300,000 MT fresh, chilled or frozen broiler meat under HTS codes: 0207.11.01, 0207.12.01, 0207.13.03, 0207.13.99, 0207.14.04, and 0207.14.99. The official schedule started on May 16, 2013 and was valid until December 31, 2014. By February 2015, SE announced the extension of the quota that will be in force until December 31, 2015. According to UNA, this was a unilateral SE decision, made upon the argument that domestic production had not fully recovered and also to control prices of this staple food.

## Production, Supply and Demand Data Statistics:

**Table 6. Production, Supply and Demand Data Statistics**

Poultry, Meat, Broiler Market Begin Year Mexico	2014		2015		2016	
	Jan 2014		Jan 2015		Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	2980	3025	3015	3100	0	3160
Total Imports	722	722	760	760	0	770
Total Supply	3702	3747	3775	3860	0	3930
Total Exports	9	10	9	9	0	10
Human Consumption	3693	3737	3766	3851	0	3920
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	3693	3737	3766	3851	0	3920
Total Use	3702	3747	3775	3860	0	3930
Ending Stocks	0	0	0	0	0	0
Total Distribution	3702	3747	3775	3860	0	3930

(MIL HEAD) ,(1000 MT)

Not Official USDA Data

## Commodities:

Poultry, Meat, Turkey

## Production:

Post's 2016 commercial turkey meat production forecast is 9,000 MT. This represents zero growth compared to Post's 2015 revised production estimate. Even though the sector is focused on recovery, it has not been able to expand production to supply domestic demand. Post's 2014 production estimate of 9,000 MT remains unchanged.

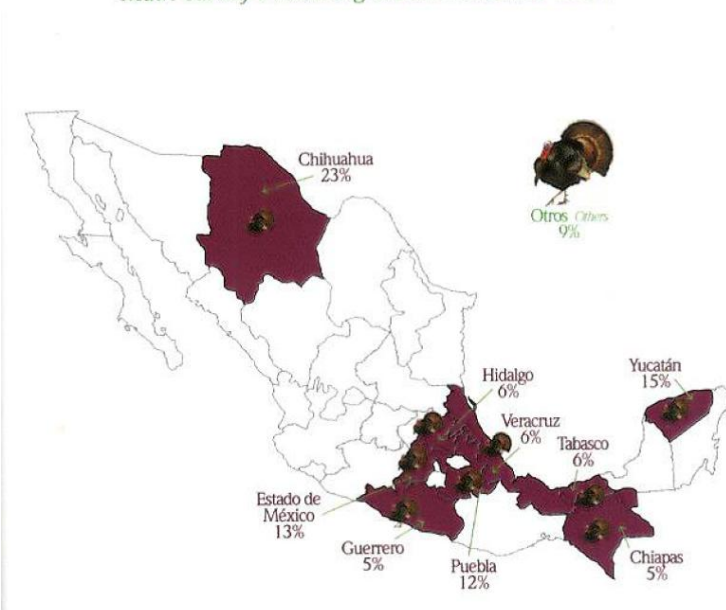
Mexican turkey producers believe the system for breeding, growing, slaughtering, and further processing turkey meat is extremely challenging with little incentive to expand, as their products are extremely seasonal and compete with imports. However, select producers who are investing in the repopulation of breeder farms face a complicated situation given the sanitary restrictions prohibiting them from sourcing live birds from their main supplier: the United States.

In Mexico, the growing period for gobblers and hens remains 15 and 13 weeks, respectively. During the first five weeks, jakes and jennies are kept in temperature and light-controlled houses. After this period, turkeys are taken to outdoor pens to reach desired weights. Gobblers are slaughtered at an average weight of 12 kilograms while hens are slaughtered at an average weight of nine kilograms.

**Chart 5. Main Producer States, Turkey**

**I.9 Principales Estados Productores de Pavo 2014**

*Main Turkey Producing States in Mexico 2014*



**Consumption:**

Domestic consumption of whole or smoked turkey remains largely seasonal with very low, steady consumption throughout the year. The consumption of value-added products is on the upswing and imports of mechanically separated/deboned turkey meat, either chilled or frozen, for prepared deli meats and related products are expected to continue growing. Currently, domestic production is not sufficient to provide raw material for the manufacture of these products. Consumers prefer these products, which are considered to be healthier and lower in fat content than other deli meats. Whole turkey is still consumed on a seasonal basis or in regional festivities. UNA reports that 80 percent of the production is consumed as whole turkey while the remaining 20 percent is used for the preparation of value-added products. The per capita consumption in Mexico is relatively low at 1.5 kilograms, which is far below the United States' 7.6 kilograms.

**Trade:**

Domestic consumption of whole or smoked turkey remains largely seasonal with very low, steady consumption throughout the year. The consumption of value-added products is on the upswing and imports of mechanically separated/deboned turkey meat, either chilled or frozen, for prepared deli meats and related products are expected to continue growing. Currently, domestic production is not sufficient to provide raw material for the manufacture of these products. Consumers prefer these products, which are considered to be healthier and lower in fat content than other deli meats. Whole turkey is still consumed on a seasonal basis or in regional festivities. UNA reports that 80 percent of the production is consumed as whole turkey while the remaining 20 percent is used for the preparation of value-added products. The per capita consumption in Mexico is relatively low at 1.5 kilograms, which is far below the United States' 7.6 kilograms.

**Production, Supply and Demand Data Statistics:**

**Table 9. Production, Supply and Demand Data Statistics, Turkey Meat**

Poultry, Meat, Turkey	2014		2015		2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	9	9	0	9	0	9
Total Imports	150	158	167	160	0	163
Total Supply	159	167	177	169	0	172
Total Exports	1	1	1	1	0	2
Human Consumption	158	166	176	168	0	170
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	158	166	176	168	0	170
Total Use	159	167	177	169	0	172
Ending Stocks	0	0	0	0	0	0
Total Distribution	159	167	177	169	0	172

(MIL HEAD) ,(1000 MT)

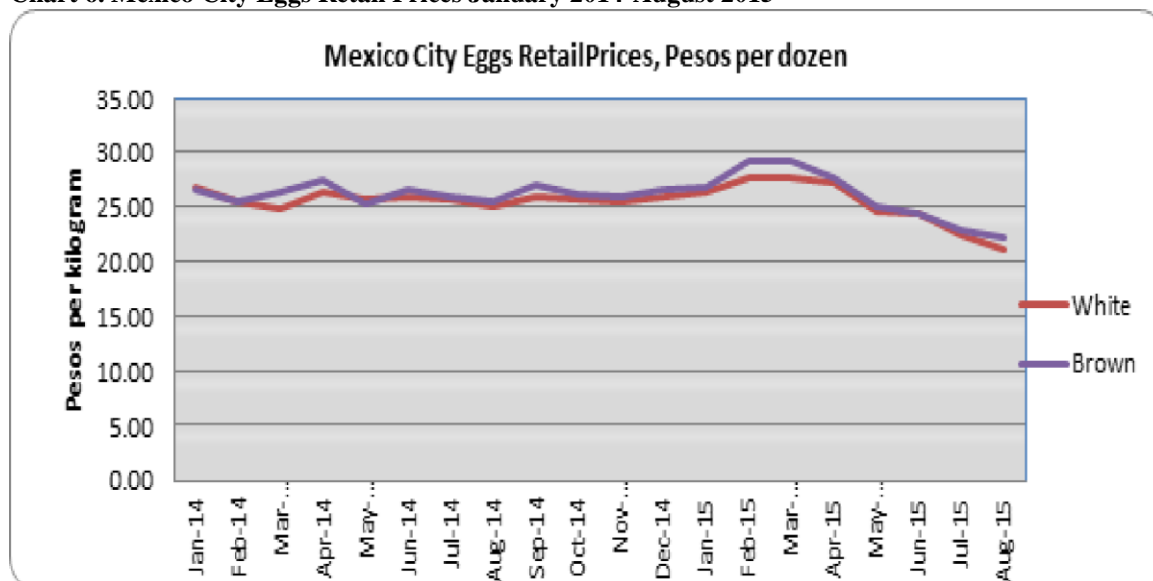
## Commodities:

Poultry, Eggs

## Production:

Post's 2016 Mexican table egg production forecast is 2.65 MMT. Sources report that despite the occurrence of small AI outbreaks in certain areas, Mexico is producing 108 million boxes (containing 360 eggs) on an annual basis. UNA believes that the domestic production of eggs is fully restored and has returned to normal levels. However, the threat from HPAI occurring in the United States has compelled the sector to implement permanent security and biosecurity measures and to look for alternatives to reduce the risk of contamination. The Mexican poultry sector is looking to diversify production beyond the two leading producer states, Jalisco and Puebla, to other states that offer natural biosecurity conditions such as less concentration and a larger distance between farms.

**Chart 6. Mexico City Eggs Retail Prices January 2014-August 2015**



UNA's preliminary estimate for 2015 egg production is 2,622,695 MT, two percent greater than the 2014 final production figure of 2,559,537 MT. UNA forecasts that future egg product growth will remain around two percent per year due in part to the ongoing successful Mexican industry program to repopulate farms. However, UNA stated that the current AI outbreak in the United States means that Mexico is still at risk for contamination. The domestic production is comprised of white and brown eggs, despite there being no scientifically proven evidence of differences in nutritional values. Recently, a majority of consumers believed brown eggs were a better but more expensive source of protein. However, reportedly, this pattern is becoming obsolete as the 2012 AI outbreak resulted in a reduced supply of brown eggs. Thus, households were compelled to buy eggs, one of the most affordable sources of protein in Mexico, from either domestic or imported sources, notwithstanding its color.

Chart 7. Main Egg Producer State

### Principales Estados Productores de Huevo 2014

*Main Egg Producing States in Mexico 2014*



### Consumption:

Mexico is the 6<sup>th</sup> largest egg producing country and has the largest per capita consumption in the world. Prior to the AI outbreak, per capita consumption of eggs in Mexico during 2011 was 22.4 kilograms (approximately 330 eggs) per person. During 2012 and 2013, per capita consumption dropped to between 20.8 kg and 21.7 as a result of higher egg prices and scarcer product availability. The recovery started to show in 2014 and per capita consumption was 22.0 kilograms. UNA forecasts that for 2016, per capita consumption will increase marginally from the preliminary 22.2 kilograms expected for 2015.

Chart 8. Egg Per Capita Consumption

**Consumo Per-Cápita de Huevo**  
*Egg Consumption Per Capita*

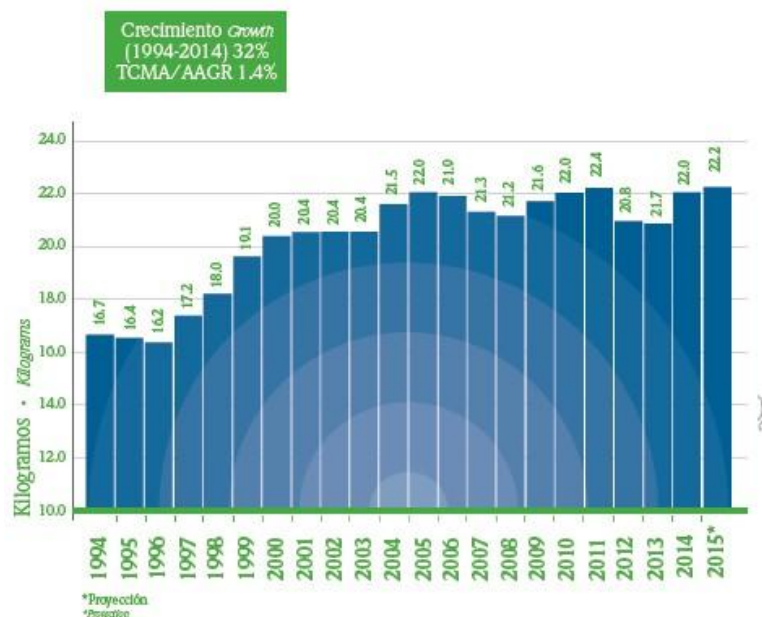


Table 10. Egg Monthly Average Prices in Chain Stores in Mexico City, pesos/per dozen

	White Eggs		Brown Eggs	
	2014	2015	2014	2015
January	26.82	26.35	26.76	26.92
February	25.67	27.75	25.58	29.33
March	25.00	27.81	26.35	29.35
April	26.53	27.41	27.53	27.75
May	25.75	24.79	25.24	25.05
June	25.91	24.39	26.71	24.55
July	25.75	22.47	26.07	22.89
August	25.19	21.12	25.64	22.25
September	25.97	n/a	27.15	n/a
October	25.77	n/a	26.24	n/a
November	25.51	n/a	25.96	n/a
December	26.07	n/a	26.71	n/a
Average	25.82	25.26	26.32	26.01

**Trade:**

Post's 2016 import forecast for table eggs is lowered because of the current AI outbreak in the United States, which is affecting the most important producer states there. To date, private sources reveal a 16 percent drop in imports compared to the same time period last year. However, egg products for industrial purposes should remain stable during 2016, despite headwinds of a higher U.S. dollar and growing domestic production. As of May 2015, data shows that Mexico imported 37,990 MT of both table eggs and egg products, 17,140 MT of which are table eggs. This volume is nearly 72 percent lower than the same period last year. UNA and Post agree that Mexican imports from the United States

should continue to decrease as 1) Mexican domestic production recovers, 2) high prices in the United States motivate U.S. producers to prioritize supplying the domestic market, and 3) the falling exchange rate makes imported eggs more expensive for Mexican consumers.

In addition to limiting supply, the 2012 and 2013 AI outbreaks led to the closure of foreign markets and forced Mexican egg exports down dramatically. As of today, Mexican egg and egg product exports are only permitted if they are breaking eggs, pathogen-free or have received a thermal process. According to UNA, during 2015, eggs for industrial purposes are on the rise and should continue on the same trajectory in 2016. On the other hand, the current AI outbreak in the United States offers a potential export opportunity for Mexican table eggs. However, the lack of understanding of administrative procedures to export is a significant obstacle for most producers/exporters. UNA has stated that if Mexico is looking for a larger share in the U.S. market, it must look for a country-wide certification to enlarge the number of states or farms eligible to export. Mexico has five states recognized by USDA as free of Newcastle disease: poultry meat and other poultry products from the states of Sinaloa and Sonora, Mexico, may be imported into the United States under the conditions indicated in the Code of Federal Regulations 94.23, and Yucatan, Campeche, and Quintana Roo are eligible to export poultry products as established in CFR 94.6. These five states comprise 16 percent of the total domestic production.

#### **Policy:**

Post continues working to explain to Mexican officials the differences in regulatory authority and the certification ability of U.S. government agencies with oversight for eggs, egg food products, and processed eggs. Hatching eggs are under the authority of the Animal and Plant Health Inspection Service (APHIS), processed egg products like egg whites, yolks, and albumin are under the authority of the Food Safety and Inspection Service (FSIS), table eggs are under the authority of the Agricultural Marketing Service (AMS), and egg food products like hard boiled eggs or frozen egg omelets are under the authority of the U.S. Food and Drug Administration, but certified for Mexico by AMS. More recently, food preparations (including egg or egg products) were added to the list of products that are overseen either by FSIS or AMS.

Currently, Mexico is eligible to export breaking eggs to the United States. In light of the after effects of the HPAI affecting producing U.S. states, the export of table eggs to Mexico is not feasible yet. However, ongoing negotiations continue between the appropriate zoo-sanitary authorities from both countries.

#### **Other Relevant Reports Submitted by FAS/Mexico:**

Report Number	Subject	Date Submitted
MX5022	Dairy Semi-Annual	5/29/15
MX5008	Poultry and Products Semi Annual	02/17/15
MX5005	Meat and Livestock Semi Annual	03/03/15
MX5004	CA HPAI restrictions	01/29/15
MX4072	Dairy Annual	10/16/14
MX4071	Livestock and Products Annual	10/8/14
MX4061	Poultry Annual	8/15/14
MX4042	Mexico Submits OIE Notification on PEDv	5/27/14
MX4040	Dairy Semi-annual	5/15/14
MX4036	Mexico Opens to All Ages and All Products	4/29/14



MX4025	Red Meat and Poultry Sector Trends and Developments	3/28/2014
MX4015	Livestock Semi Annual: Production Forecasts Raised Slightly	3/2/2014
MX4012	Poultry Semi Annual. Billion Dollar Market Holds Potential for Increased Sales	2/14/2014

**Author Defined:**

**FAS/Mexico Web Site:** We are available at [www.mexico-usda.com.mx](http://www.mexico-usda.com.mx) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

**Useful Mexican Web Sites:** Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx), equivalent to the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.gob.mx). These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.